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necessary if students who have taken no mathematics beyond that required for entrance to college are admitted to the course. In short, part I does not treat the mathematical theory of investment, but is part of the preparation for reading such a theory.

In part II, devoted to interest and annuities, are chapters on amortization, sinking funds and depreciation, and building and loan associations, which give interesting applications that will be found useful in teaching. The theory of probability and its application to financial problems are treated in part III. This includes, in very brief outline, some elementary facts and formulas of annuities and life insurance. The usefulness of the book would have been increased, I think, if more space had been given to insurance; and surely the vast literature and the general character of life insurance mathematics would seem to justify this.

Part IV contains some monetary tables, and the American experience table of mortality. These are to be used in exercises and problems given to illustrate the theory and to furnish the student some practice in carrying theoretical results into numerical effect.

The reviewer welcomes this book, as he has given for a number of years, in the form of lectures, substantially the subject-matter, omitting part I and including more of insurance. At least some and perhaps many teachers interested in business education feel that the student taking a course in commerce should devote some time to a study of quantitatively precise business operations, somewhat actuarial in character, rather than to give all his time to a consideration of the less precise forces involved in our commercial life. If such teachers are correct in their view, this book will be of assistance in making a step in the right direction.

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Die Berücksichtigung der Wertverminderungen des stehenden Kapitals in den Jahresbilanzen der Erwerbswirtschaften.
By EMIL FAES. Zeitschrift für die gesamte Staatswissenschaft, Ergänzungsheft XLVI. (Tübingen: H. Laupp. 1913. Pp. 132. 4 M.)

After general comment on the nature and object of balance sheets, the author discusses the principles of valuation at which assets should appear, namely, cost, individual or subjective value, and selling or break-up value. He adopts the cost of reproduction as the proper initial value on the books. The discussion is nar-

rowed down to the consideration of "fixed assets"; and various definitions of eminent economists—Karl Marx, Ricardo, Adam Smith, Quesnay, Boehm-Bawerk, amongst others—are quoted and criticised. The understanding finally reached by the author is that "fixed" capital as opposed to circulating is represented by such assets as, when used in the course of production, last for several fiscal periods without changing their physical qualities.

The author considers three elements important in determining depreciation and the method of its calculation; *e.g.*, time, wear and tear, and the effect of unforeseen changes such as new inventions, change of style, etc. They work together but with different acceleration. An ideal method of providing for depreciation would, of course, be the one that would result in a balance of the account at the end of the year equalling the appraised value of the corresponding asset. This being impossible in practice, some of the methods in general use are taken up: (1) writing off a uniform amount every year or a uniform rate per cent on the original value; (2) writing off a uniform amount with the consideration of compound interest on the amount written off; (3) a uniform rate per cent on the annually decreasing balances. These three methods are discussed, illustrated by examples and diagrams, and their applicability to varying circumstances is demonstrated.

Attention is then given to the methods in vogue for expressing depreciation on the books: (1) crediting the asset and having it subsequently appear at its reduced value; (2) opening a reserve for depreciation account (*Bewertungskonto* or valuation account) and letting the asset appear at its original value. The author's preference is for the latter method, although he cautions against the confusion frequently arising as to the meaning of reserves on the credit side of the balance sheet—whether they represent a real reserve of profits or whether they are simply an offset against overstated assets on the debit side. He seems not to be aware of the practice prevailing in the United States which obviates any misunderstanding on that score, *viz.*, the simple expedient of directly deducting on the balance sheet the reserved amount from the asset to which it refers.

Although it cannot be said that the author has exhausted his subject, his analysis is scholarly so far as it goes; he quotes an abundance of authorities and has his opinions confirmed by their theories or gives good reason for differing from them. Practical

examples and diagrams in the text serve to make his principles clear, special use being made of the experience of the Swiss railroads. The German, Austrian, and Swiss commercial codes are frequently cited or referred to.

LEO GREENDLINGER.

NEW BOOKS

ADAMS, J. T. *Speculation and the reform of the New York stock exchange.* (Summit, N. J.: The Summit Herald Press. 1913. Pp. 27.)

BUNTING, H. S. *The premium system of forcing sales; its principles, laws and uses.* (Chicago: Novelty News Press. 1913. Pp. viii, 166.)

BUSS, G. *Berliner Börse von 1685-1913.* (Berlin: Preussische Verlagsanstalt. 1913. Pp. 160. 3 M.)

COOLEY, R. W. *Illustrative cases on the law of sales. A companion book to Tiffany on sales.* (St. Paul, Minn.: West Pub. Co. 1913. Pp. viii, 285. \$2.50.)

COLLINET, C. *Les bourses des valeurs mobilières en Belgique.* (Paris: Rousseau. 1914. 3.50 fr.)

DICKINSON, A. L. *Accounting practice and procedure.* (New York: Ronald Press. 1913. Pp. 315. \$3.)

DICKSEE, L. R. *Mines accounting and management.* (London: Gee. 1914.)

GOODYEAR, L. E. *Principles of accountancy.* (Cedar Rapids, Ia.: Goodyear-Marshall Pub. Co. 1913. Pp. 189. 75c.)

GROWOLL, A. *The profession of bookselling; a handbook of practical hints for the apprentice and bookseller.* Part 3. (New York: Publishers' Weekly. 1913. Pp. 131-194. \$2.)

HAFNER, K. *Die schweizerischen Finanzierungsgesellschaften für elektrische Unternehmungen.* (Zürich: Füssli. 1913. Pp. iv, 139. 3.20 M.)

KENT, W. *Investigating an industry; a scientific diagnosis of the diseases of management.* (New York: J. Wiley & Sons. 1914. Pp. xi, 126. \$1.20.)

LOWNHaupt, F. *What an investor ought to know.* (New York: Magazine of Wall Street. 1914. Pp. 150. \$1.)

MACGREGOR, T. D. *Bank advertising plans, a book of practical suggestions.* (New York: Bankers Pub. Co. 1913. Pp. v, 200. \$2.50.)

MARX, E. *Die Entwicklung der deutschen Provinzbörsen.* (Berlin: Verlag für Fachliteratur. 1913. Pp. 56. 1.80 M.)